TESLA MOTORS DENMARK APS

BREDGADE 35, DK-1260 KØBENHAVN K

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2016

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 30 June 2017

Stephan William Werkman

CVR NO. 32 78 73 47

CONTENTS

COMPANY DETAILS

Company	Tesla Motors Denmark ApS Bredgade 35 DK-1260 København K CVR no.: 32 78 73 47 Established: 15 March 2010 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Executives	Stephan William Werkman Todd Andrew Maron Susan Jean Repo
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Tesla Motors Denmark ApS for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 June 2017

Board of Executives

Stephan William Werkman	Todd Andrew Maron	Susan Jean Repo

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tesla Motors Denmark ApS

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Tesla Motors Denmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethi-cal responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not ex-press any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's abil-ity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Manage-ment either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the fi-nancial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Bo Schou-Jacobsen	Kim Danstrup
State Authorised Public Accountant	State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Gross profit	79.983	52.481	17.897	6.917	3.848
Operating profit	8.759	11.785	106	503	44
Financial income and expenses, net	-7.986	-3.181	-74	-14	-34
Profit/loss for the year before tax	772	8.604	32	489	10
Profit/loss for the year	-14.986	5.200	-133	366	3
Balance sheet					
Balance sheet total	339.967	848.362	123.578	89.923	8.030
Equity	-9.305	5.682	482	614	248
Ratios					
Rate of return	-234,8	460,4	-12,7	-158,2	-57,9
Solvency ratio	Neg.	0,7	0,4	0,7	3,1
Return on equity	827,0	168,7	Neg.	84,9	1,2

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return: $\frac{\text{Profit/loss on ordinary activities x 100}}{\text{Average invested capital}}$

Invested capital: Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities

Solvency ratio: $\frac{\text{Equity ex. minorities, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities
The object of the Company is distribution, sale and service of electronic vehicles and equipment along with merchandise as well as any other business incidental thereto.

Development in activities and financial position
The income statement of the Company for 2016 shows a result of DKK -14.986.168 (2015: DKK 5.200 k), and at 31 December 2016 the balance sheet of the Company shows equity of DKK -9.304.530 (2015: DKK 5.682 k). The result for 2016 is also affected by a write down of the deferred tax asset of DKK 15.583.000, due to uncertainty related to the usage and time horizon hereof.

The number of cars sold has been decreased from 2.814 in 2015 to 127 in 2016. The year 2015 was a year of exceptional growth, especially towards year-end 2015, in anticipation of upcoming changes in tax legislation starting January 1, 2016. As a consequence, vehicle sales in 2016 have been low.

Uncertainty regarding recognition and measurement and other risks
The significant risks and uncertainties of the Company can be set out as follows:

- The Residual Value Guarantees are based on judgement regarding future estimated sales values of the cars returned.

- The deferred tax asset is valuated based on expected future income. Changes in future sales will have a direct impact on the tax asset.

- We may be unable to increase production and deliveries of Model S and X in line with our plans, both of which could harm our business and prospects.

- We may experience significant delays or other complications in the design, manufacture, launch and production ramp of our next generation car - Model 3, as well as future vehicles, which could harm our brand, business, prospects, financial condition and operating results.

- Our long-term success will be dependent upon our ability to design, build and achieve market acceptance of new vehicle models.

- If our vehicles or vehicles that contain our powertrains fail to perform as expected, or if we suffer product recalls, our ability to develop, market and sell our electric vehicles could be harmed.

- Our future growth is dependent upon consumer willingness to adopt electric vehicles and government incentives.

Environmental situation
Protecting the environment is a vital concern and a continuing commitment for Tesla. Similarly, the health and safety of our employees is regularly monitored. Regular audits take place and improvements are continuous.

Knowledge resources
The knowledge and development activities are managed in the (ultimate) parent company and primarily take place there. The knowledge activities comprise continued development of the staff in order to maintain a high quality level among the employees.

Research and development activities
The Company engaged no research and development in 2016. Those activities are primarily undertaken by Tesla Inc., the ultimate parent company.

MANAGEMENT'S REVIEW

Future expectations
The year 2016 showed a significant decrease in sales due to new tax legislation. We anticipate similar sales level of our current models in 2017. Our service and sales organization stabilizes and as such we do not foresee significant investments and or increases in employees in the near future.

Capital resources
The Company has a negative equity. Reference is made to note 1 in the Financial Statements.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK '000
GROSS PROFIT		**79.983.185**	**52.481**
Staff costs	2	-51.923.452	-33.096
Depreciation, amortisation and impairment		-19.301.049	-7.600
OPERATING PROFIT		**8.758.684**	**11.785**
Other financial income		0	16
Other financial expenses	3	-7.986.200	-3.197
PROFIT BEFORE TAX		**772.484**	**8.604**
Tax on profit/loss for the year	4	-15.758.652	-3.404
PROFIT/LOSS FOR THE YEAR	5	**-14.986.168**	**5.200**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK '000
Other plant, machinery, tools and equipment		18.221.845	21.803
Leasehold improvements		18.217.621	19.344
Other investment assets		133.172.715	138.473
Tangible fixed assets	6	**169.612.181**	**179.620**
Rent deposit and other receivables		1.848.559	1.649
Fixed asset investments	7	**1.848.559**	**1.649**
FIXED ASSETS		**171.460.740**	**181.269**
Finished goods and goods for resale		100.330.495	44.721
Inventories		**100.330.495**	**44.721**
Trade receivables		10.857.681	134.232
Receivables from group enterprises		17.374.372	6.931
Deferred tax assets	9	0	21.714
Corporation tax receivable		2.615.000	0
Prepayments and accrued income	8	331.842	100
Receivables		**31.178.895**	**162.977**
Cash and cash equivalents		**36.997.323**	**459.395**
CURRENT ASSETS		**168.506.713**	**667.093**
ASSETS		**339.967.453**	**848.362**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK '000
Share capital		125.000	125
Retained earnings		-9.429.530	5.557
EQUITY		**-9.304.530**	**5.682**
Other liabilities		112.830.336	107.961
Accruals and deferred income		48.448.790	73.632
Long-term liabilities	10	**161.279.126**	**181.593**
Prepayments received from customers		11.287.853	15.076
Trade payables		13.293.148	14.222
Payables to group enterprises		114.945.134	353.317
Corporation tax		0	23.989
Other liabilities		11.047.136	196.205
Accruals and deferred income		37.419.586	58.278
Current liabilities		**187.992.857**	**661.087**
LIABILITIES		**349.271.983**	**842.680**
EQUITY AND LIABILITIES		**339.967.453**	**848.362**

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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2016	125.000	5.556.638	5.681.638
Proposed distribution of result		-14.986.168	-14.986.168
Equity at 31 December 2016	**125.000**	**-9.429.530**	**-9.304.530**

NOTES

Note

Capital resources 1

The Company has a negative equity. According to the legislation, the reestablishment of the equity will be discussed at the Ordinary General Meeting. The Company has received a Letter of Support from its parent Tesla Motors Netherlands B.V. insuring the required funding of its future operations up to 15 months after the signing date of the Financial Statements.

Based hereon, it is the assessment of Management, that the capital resources of the Company is sufficient and adequate. Management has therefore prepared the Financial Statements on a going concern basis.

	2016 DKK	2015 DKK '000	Note
Staff costs			2
Average number of employees 82 (2015: 53)			
Wages and salaries	48.324.705	29.553	
Pensions	1.044.655	1.866	
Other staff costs	2.554.092	1.677	
	51.923.452	**33.096**	

The executive board does not receive any remuneration for their work performed.

	2016 DKK	2015 DKK '000	Note
Other financial expenses			3
Group enterprises	58.618	0	
Other interest expenses	7.927.582	3.197	
	7.986.200	**3.197**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	0	3.404	
Adjustment of tax in previous years	175.652	0	
Impairment of deferred tax asset	15.583.000	0	
	15.758.652	**3.404**	
Proposed distribution of result			5
Accumulated result	-14.986.168	5.200	
	-14.986.168	**5.200**	

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Tangible fixed assets 6

	Other plant, machinery, tools and equipment	Leasehold improvements	Other investment assets
Cost at 1 January 2016	23.960.316	25.803.335	139.931.286
Additions	1.273.231	2.817.437	5.203.483
Cost at 31 December 2016	**25.233.547**	**28.620.772**	**145.134.769**
Depreciation and impairment losses at 1 January 2016	2.158.179	6.459.308	1.458.368
Depreciation for the year	4.853.523	3.943.843	10.503.686
Depreciation and impairment losses at 31 December 2016	**7.011.702**	**10.403.151**	**11.962.054**
Carrying amount at 31 December 2016	**18.221.845**	**18.217.621**	**133.172.715**
Finance lease assets (´000)			133.173

Fixed asset investments 7

	Rent deposit and other receivables
Cost at 1 January 2016	1.648.559
Additions	200.000
Cost at 31 December 2016	**1.848.559**
Carrying amount at 31 December 2016	**1.848.559**

	2016 DKK	2015 DKK '000
Prepayments and accrued income (Note 8)		
Costs	331.842	100
	331.842	**100**

Prepayments recognized as assets include costs incurred relating to the subsequent financial year.

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Deferred tax assets 9

Deferred tax comprises deferred tax on deferred income and tangible fixed assets.

	2016 DKK	2015 DKK '000
Deferred tax assets 1 January	21.714.000	1.128
Adjustments referred to prior years	-6.131.000	0
Additions for the year	0	20.586
Impairment	-15.583.000	0
Deferred tax assets 31 December	**0**	**21.714**

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

The total unrecognized deferred tax assets amounts to DKK 15.583.000.

Long-term liabilities 10

	1/1 2016 total long-term liabilities	31/12 2016 total long-term liabilities	Repayment next year	Debt outstanding after 5 years
Other liabilities	107.960.696	112.830.336	3.482.516	0
Accruals and deferred income	73.631.955	48.448.790	37.419.586	1.317.324
	181.592.651	**161.279.126**	**40.902.102**	**1.317.324**

Contingencies etc. 11

Contingent liabilities

At the balance sheet date, the company has lease obligations concerning rent for an amount of DKK ('000) 20,831 (2015: DKK ('000) 12 k).

Charges and securities 12

There are no charges and securities.

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Related parties 13
The Controlling interest
Tesla International B.V.
Burgemeester Stramanweg 122
1101 Amsterdam Zuid-Oost
Netherlands

Other related parties having performed transactions with the company
The company's related parties having a significant influence comprise parent companies and associates as well as the companies' Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties
The company did not carry out any substantial transactions that were not concluded on market conditions.

Stock option plan 14
The ultimate parent company,Tesla Inc., USA adopted the 2003 Equity Incentive Plan.

This Plan provides for the granting of stock options, RSUs and stock purehase rights to our employees. Options granted under the Plan may be either incentive options or nonqualified stock options. Generally, the stock options and RSUs vest over four years and are exercisable over a period not to exceed the contractual term of ten years from the date the stock options are granted. Continued vesting typically terminates when the employment or consulting relationship ends.

Tesla Inc., USA recognize the expenses of the equity incentive plan and does not charge the Company for these expenses. As a result, the Company does not recognize any costs for this equity investment plan.

Significant events after the end of the financial year 15
No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Consolidated financial statements 16
The Company's primary parent, Tesla International B.V., Netherlands, does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into and which the Company is incorporated as a subsidiary, is:

Tesla Inc.,
3500 Deer Creek Road,
Palo Alto, CA 94304,
USA.

The consolidated financial statements can be obtained at the following address: www.tesla.com.

ACCOUNTING POLICIES

The annual report of Tesla Motors Denmark ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

Recognition and measurement
Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized.

Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

INCOME STATEMENT

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax on profit for the year
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets
Other plants, fixtures and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plants, fixtures and equipment	3-7 years	0 %
Leasehold improvements	5 years	0 %
Resale value guarantee (RVG assets)	3-8 years	30-60 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Revaluation of residual value (scrap value) and depreciation period are performed annually.

Resale value guarantee (RVG assets and liabilities)
We offer resale value guarantees or similar buy-back terms to all customers who purchase vehicles and who finance their vehicle through one of our specified commercial banking partners. Under this program, customers have the option of selling their vehicle back to us during the guarantee period for a pre-determined resale value. Guarantee periods generally range from three to five years. Although we receive full payment for the vehicle sales price at the time of delivery, we are required to account for these transactions as operating leases. The amount of sale proceeds equal to the resale value guarantee is deferred until the guarantee expires or is exercised. The remaining sale proceeds are deferred and recognized on a straight line basis over the stated guarantee period. The guarantee period expires at the earlier of the end of the guarantee period or the pay-off of the initial loan. We capitalize the cost of these vehicles to leased vehicles in our Balance Sheets and depreciate their value, less salvage value, to cost of revenue over the same period.

In cases when customer retains ownership of the vehicle at the end of the guarantee period, the resale value guarantee liability and any remaining deferred revenue balances related to the vehicle are settled to revenue and the net book value of the leased vehicle is expensed to costs of revenue. In cases when customers return the vehicle back to us during the guarantee period, we purchase the vehicle from the customer in an amount equal to the resale value guarantee and settle any remaining deferred balances to revenue and we reclassify the net book value of the vehicle on our balance sheet to pre-owned vehicle inventory.

Fixed asset investments
Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of finished goods and goods for resale are calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Deferred income

Deferred income comprises payments received in respect of income in subsequent years as well as rebates received regarding contracts stretching over numerous accounting periods. Deferred income mainly relates to supercharger-access, connectivity updates and operating lease prepayments from customers related to the resale value guarantee program.

Foreign currency translation

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statements as financial income or fmancial expenses.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement.